

State of Tennessee LWDA Assessment

Sprint 3 – Southeast Tennessee

March 4, 2019-March 15, 2019

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Executive summary

Summary of observations

Outlined below are the key and consistent themes arising from our interviews with stakeholders and review of documentation:

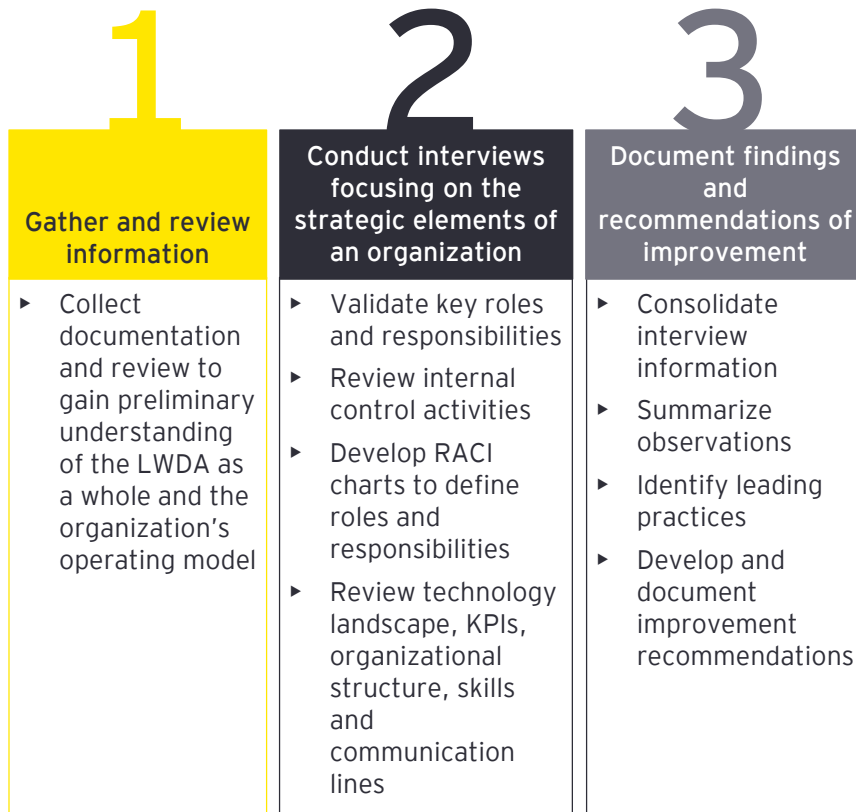
- ▶ The SETLWDB has a well-established internal control environment. Policies and procedures are documented for key processes including competitive procurement, monitoring and fiscal activities. The policies are easily accessible by the Board Staff, the OSOs and the CSP.
- ▶ The following opportunities exist to improve or strengthen internal controls within the SETLWDB:
 - ▶ Roles and responsibilities related to procurement of OSO and CSP providers may not be clearly understood.
 - ▶ Formally documented monitoring policies and procedures are in place, but there is an opportunity to translate monitoring results into improved service delivery.
- ▶ There is an opportunity to increase awareness of the LWDA Board members on LWDA partner programs and activities and how these contribute to strategic outcomes.
- ▶ The Board may lack visibility into the effectiveness of the local workforce system due to undefined expectations for measuring progress and success.
- ▶ There are opportunities to enhance the role of the Local Board by providing awareness of state expectations for the role and within the LWDA.
- ▶ Similar to other LWDAs, the SETLWDA faces technology limitations that lead to process inefficiencies.

Assessment approach

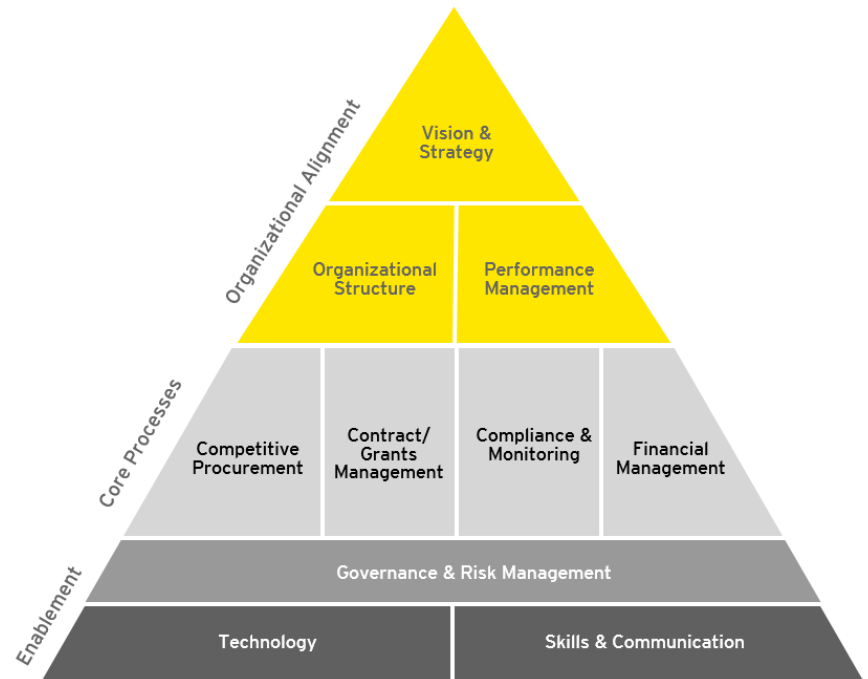
Our framework

EY assessed the organizational fitness and operational controls of the SETLWDA by using a holistic framework that focused on strategic elements of an organization.

Assessment methodology



Strategic elements of an organization



Organizational alignment

Vision and strategy

SETLWDA strategy

There is an opportunity to increase awareness of the LWDA Board members of LWDA partner programs and activities and how these contribute to strategic outcomes.

Focus area	Key observation
Strategic vision	<p>The vision and mission of the SETLWDA is clearly defined in the Strategic Plan. It includes the WIOA negotiated common performance measures as its key performance targets and outlines key responsibilities of the OSO to enable functional supervision and strategic alignment of partners. Providing in-school youth with work-based learning is outlined as a key strategic focus area in the area's Strategic Plan.</p> <p>The Executive Director, Regional Director and CLEO demonstrated strong knowledge of the LWDA strategic vision and objectives. The Executive Director was actively involved in developing and formalizing the strategic plan with close collaboration with the Regional Director, LWDA Board and CLEO.</p> <p>The Local Board Chair demonstrates awareness of the SETLWDA strategic focus areas; however, he is not versed in detail with all the activities and program partners that support strategic outcomes. He mentioned there is an opportunity to increase awareness of Local Board members regarding partner programs.</p>
Road map to achieve strategic outcomes	<p>Although there is a Strategic Plan that includes key strategic focus areas, it lacks a robust strategy road map to outline the transformation journey to achieve strategic outcomes. A road map will keep key stakeholders aligned, committed and engaged, especially Local Board members.</p>
Strategy enabling technology	<p>In the Strategic Plan, technology is primarily used to collect participant information, enroll participants, review performance, case management and to share information across programs. There is an opportunity to develop and formalize technology initiatives that further enhance the customer's experience using technology.</p>
Recommendations	
<ul style="list-style-type: none">Develop a road map to achieve strategic outcomes. This will serve as a guide to key stakeholders regarding the future vision for the SETLWDA. It should include detailed plans for future initiatives with key milestones and updated as needed with input from key stakeholders.	

Organizational alignment

Organizational structure

Roles and responsibilities

Opportunities exist to enhance understanding of the LWDA Board role to clarify responsibilities and accountability.

Focus area	Key observation
Roles and Responsibilities	<p>The LWDA Board Chair noted that there is an opportunity to enhance the understanding of their role by developing a reference guide that summarizes their roles and responsibilities in a clear and concise format. Especially for new Board members, the reference guide would be a helpful tool for them to understand how to better drive strategic direction of the LWDA, state role expectations and how the LWDA is organized.</p> <p>The LWDA Board Chair views the SETLWDA Board in an advisory role that provides oversight to the LWDA. He does not consider it a responsibility of the Board to be engaged in the day-to-day details of running the LWDA.</p> <p>The CLEO, Executive Director, OSO, Career Service Provider and Regional Director all clearly understood the responsibilities and accountabilities of their respective positions. They all mentioned there is no confusion in understanding the role each play and the value each adds to enable the seamless operations of the LWDA. They agreed there is good communication across each of the roles with ample cooperation and no one working in silos.</p> <p>The Executive Director and Regional Director worked closely together and held shared responsibility and accountability over oversight of performance, budget and service delivery for AJC programs. They are both actively involved in public relations and do not feel there were any communication gaps with the State.</p>
Recommendations	
<ul style="list-style-type: none">▶ Develop a reference guide to clearly define Board responsibilities, reporting layers, management accountability, authority to support strategic decision making, role State expectations, and LWDA partner programs and activities.▶ Develop a communication/education plan to help mitigate any open questions around SETLWDA's Board role.	

Organizational alignment

Performance management

Performance management

The Board may lack visibility into the effectiveness of the local workforce system due to undefined expectations for measuring progress and success.

Focus area	Key observation
Local area performance	The SETLWDB is tracking the performance of the AJC system as a whole primarily using the WIOA negotiated common performance measures and reports provided by the OSO. The reports provided by the OSO include AJC traffic count levels, number of enrollments, LWDA's current compliance with federal requirements, testimonials and success stories from the AJCs. We noted that there are no measurable goals associated with the data that is reported because clear expectations for OSO reporting have not been established. Due to the lack of expectations, the OSO is able to dictate the data and message provided to the Board potentially limiting the Board's visibility into all aspects of operations.
State guidance on metrics	<p>Individuals interviewed recognize the value of having additional performance metrics beyond the common WIOA negotiated measures, but expressed the following concerns:</p> <ul style="list-style-type: none"> ▶ Due to the realignment of the workforce development areas, the local area does not currently have sufficient data to baseline metrics that will help measure and define success for the contracted service providers. ▶ The State has issued program priorities that are not specific or targeted. For example, interviewees mentioned the State communicated to increase SNAP enrollments but gave no specific target or metric for the increase.
Recommendations	
<ul style="list-style-type: none"> ▶ Performance of the local workforce system should be measured by qualitative and quantitative metrics. We recommend that the SETLWDB and CLEO develop and implement a structured process and approach for defining these metrics, as part of their development of the strategic local plan. Metrics should be measurable, sustainable, clearly linked to the SETLWDA strategy, understood and communicated. ▶ We recommend that dashboards and reports be presented in a way that clearly links metrics to strategic goals (which should be defined and articulated by the LWDB and CLEO) and drives actions and decision-making. ▶ We recommend that reports include historical data to identify meaningful trends. ▶ We recommend incorporating data analytics where applicable. 	

Governance and risk management

Internal controls

OSO and CSP Procurement

Roles and responsibilities related to procurement of OSO and CSP providers may not be clearly understood.

Observation	Leading practice
<ul style="list-style-type: none">▶ The SETLWDA has a formal, end-to-end procurement process in place that is well controlled to verify that evaluations are done consistently and by individuals who are competent and knowledgeable. We noted the SETLWDA demonstrated the following leading practices in competitively procuring their OSO and CSP:<ul style="list-style-type: none">▶ The SETLWDA has a documented procurement policy that includes the process for establishing an RFP Review Committee, and the criteria required for appointing committee members. The policy also includes information on risk assessment regarding conflict of interest and the process by which that should be addressed.▶ Scoring sheets were created by the Executive Director and Staff to the Board. These scoring sheets effectively summarize the RFP response requirements in a condensed and easily understood manner, are evaluated based on a consistent scoring range with clear numerical meaning, and assign heavier weights to criteria of higher importance. This practice allows committee members to score in a more efficient and meaningful way, reducing the risk of unthoughtful evaluations.▶ The CLEO delegated his responsibilities related to the procurement process to the Executive Director of the Southeast Tennessee Development District. However, there was no documentation of this delegation or of the CLEO's approval of the final procurement decision.	<ul style="list-style-type: none">▶ The RFP evaluation committee is made up of individuals with various areas of knowledge (i.e., financial, procurement, career services). The RFP coordinator is responsible for forming a cross-functional team who is knowledgeable and impartial. Based on subject-matter knowledge or functional area, it may be appropriate for each evaluation committee member to be assigned only a specific section of the proposal to review and score.▶ Smaller organizations may choose to outsource the RFP process if they determine that their time will be more impactful spent elsewhere. Outsourcing the RFP process can reduce workload and operational costs.▶ RFP evaluation criteria is clearly defined and documented, increasing consistency in scoring across judges and setting clear expectations for scorers.▶ Scoring is blind (process by which evaluators rate the responses without specific knowledge of which entity is tied to which answer), reducing the risk of bias in the RFP process.▶ Distinct weightings are used. This method allows each criterion to be measured on the same scale. Each criterion also has a weight by which the score is multiplied to give it a total weighted score. This makes scoring easy and verifies that the most important criteria are given greater consideration.▶ Technology is incorporated into the RFP scoring process.
Recommendations	
<ul style="list-style-type: none">▶ We recommend that all delegation of roles and responsibilities be clearly documented in the interlocal agreement or partnership agreement with the Fiscal Agent and Board Staff entity. Additionally, we recommend updating the procurement processes and controls to require documented evidence of the CLEO (or delegate's) approval of the OSO selection.	

Quality control program

Formally documented monitoring policies and procedures are in place, but there is an opportunity to translate monitoring results into improved service delivery.

Observation	Leading practice
<ul style="list-style-type: none">▶ The SETLWDA has an established quality control program that serves to monitor that program participant and contractor information is entered into the system completely and accurately. Results of quality control procedures are communicated to the Executive Director and to MCHRA (Mid Cumberland Human Resource Agency).▶ The SETLWDA quality control program does not include detailed steps for following up to verify that root-cause conditions identified are resolved.▶ The SETLWDA has an opportunity to enhance the quality control program by analyzing results to understand any trends or common themes where service quality is below expectation. Additionally, the SETLWDA should consider including expectations of service quality in contracts with OSOs and CSPs.	<ul style="list-style-type: none">▶ Monitoring policies are updated and customized to reflect the specific needs of the area. Policies include detail over specific monitoring activities (who is being monitored), monitoring criteria (what is being monitored), and the monitoring schedule (when does monitoring occur). Monitoring is performed in line with documented policy.▶ Documented escalation and resolution policies and procedures exist when service providers do not meet defined KPIs. Escalation protocols vary based on the risk of the performance indicator that is not being met.▶ Monitoring results are used to understand trends and identify root-cause issues.
Recommendations	
<ul style="list-style-type: none">▶ We recommend that the SETLWDB develop a more formal process for escalating, tracking and remediating issues related to service provider quality. Consider performing expanded monitoring procedures for repeat issues or setting a threshold of allowable findings per case manager.▶ We recommend that the SETLWDB analyze monitoring results for trends to identify any common themes that may exist.	

Enablement Technology

Technology

The SETLWDA faces technology limitations that lead to process inefficiencies.

Focus area	Key observation
Centralized data entry into VOS	<p>MCHRA (the contracted CSP for the SETLWDA) uses a centralized process for uploading and reviewing documentation in VOS. Case Managers and Career Service Specialists send documentation to the MCHRA central office, where there is a team dedicated and trained to enter participant data and upload documentation in a complete and consistent manner. Interviewees expressed their confidence in this process to reduce the risk of incomplete or inaccurate data reported in VOS.</p> <p>SETLWDA also has formal monitoring controls and procedures in place to reduce the risk of inaccurate data and reporting. As part of the monthly review performed by the QA Coordinator, the accuracy of the data is reviewed and any missing data points for participants are documented as findings.</p>
System limitations	<p>There is a lack of integration between IT systems (Grants4TN, Jobs4TN and the accounting system utilized by the Fiscal Agent) causing a large degree of manual reconciliation and increasing the risk of inaccurate reporting (see Appendix C for technology landscape observations).</p> <p>Continuous training is provided by the OSO regarding usage of VOS, yet the system was described as not intuitive or user friendly by several interviewees.</p>
Recommendations	
<ul style="list-style-type: none">▶ We recommend that the SETLWDA consider the feasibility of implementing integrations between systems to avoid duplicate data entry. This could be via system interfaces, data entry bots, optical character technology, matching technology or other means.▶ We recommend implementing data validation checks within the VOS system functionality, specifically in areas where there are frequent errors.	

Enablement

Skills and communication

Skills and communication

There are opportunities to enhance the role of the Local Board by proving awareness of State expectations for the role and within the Local Workforce Development Area.

Focus area	Key observation
Skills	<p>Based on our interviews with the Fiscal Agent, OSO, Career Service Provider, CLEO, Regional Director and Executive Director, these individuals have the appropriate level of competency to execute their role activities and responsibilities within the SETLWDA.</p> <p>There is an opportunity to further equip the LWDA Board with dedicated training focusing on improving their understanding of role strategic priorities and LWDA partner objectives, programs and activities. The following factors may be limiting the LWDB's ability to effectively carryout its mission and purpose:</p> <ul style="list-style-type: none">▶ Composition, diversity and size<ul style="list-style-type: none">▶ Having too many board members may limit member engagement and involvement▶ Lack of awareness and understanding of general roles and responsibilities as board members and State expectations
Communication	<p>The Regional Director and Executive Director work closely together on a day-to-day basis. There is a strong working relationship, collaboration, trust and open two-way communication between both roles.</p> <p>Based on our interviews, key stakeholders did not view the firewall as a roadblock to communication. They all agreed that there must be communication to effectively operate the LWDA system and did not feel that the firewall precluded such communication.</p>
Recommendations	
<ul style="list-style-type: none">▶ We recommend re-examining the responsibilities of the LWDB to determine precise size and necessary skill sets and knowledge (e.g., financial resource, knowledge of policies and regulations).	

Appendices

Appendix A: RACI matrix

Activity	Sub-activity	TDLWD/ central office	Regional director	CLEO/LEOs	LWDB	Fiscal agent	Executive director/staff to the board	OSO	Career service provider
Vendor due diligence*	Define procurement policies	R/A			C		C		
	Define procurement processes, tools and templates				A	C	R		
	Perform sourcing risk management			A	A	R	R		
	Action procurement policy noncompliance			A	A	R	R		
Vendor selection*	Prepare and conduct market assessment	I			A		R		
	Develop RFP to include KPIs and targets	I		I	C	C	R/A		
	Review and approve RFP	I		I	R/A	C			
	Distribute RFP	I	I	I	I		R/A		
	Prepare and conduct sourcing and bid event (Bidders Conference)	I	I	I	I	C	R/A		
	Conduct sourcing evaluations	I	I		R/A				
	Select vendor	I	I		R/A				

*Refers to competitive RFP process

R – Responsible, A – Accountable, C – Consulted, I – Informed

Appendix A: RACI matrix

Activity	Sub-activity	TDLWD/ central office	Regional director	CLEO/LEOs	LWDB	Fiscal agent	Executive director/staff to the board	OSO	Career service provider
Contract and grant management	Contract creation and authorization			I	A	R/C	R	I	I
	Contract execution	I		I	I		R	I	I
	Contract monitoring		I		I	I/C	R/A		
	Contract compliance			I	I	R/A	R/A		
Operational compliance and monitoring	Determine operational KPIs*				A		R		
	Monitor and track performance against operational KPIs*		I	I	I		R/A		
	Execute performance reviews (monthly review meetings)		R				R	R	R
	Report scorecards and performance results (Included in Dashboard provided to the Board)		I	I	I	I	R/A	I	I
Regulatory compliance and monitoring	Develop SETLWDA Strategic Plan		C	C/I	A/C/I		R		
	Communicate regulatory requirements and policy changes		R				R		
	Monitor and track performance against negotiated performance measures				A		R	R	
	Monitor and track performance against fiscal requirements			A		R			
	Execute performance reviews			I	I	R	R	I	I
	Report scorecards and performance results (Included in Dashboard provided to the Board)			I	I	R	R/A	I	I
	Identify and correct noncompliance		I	I	I	R	R	I	I

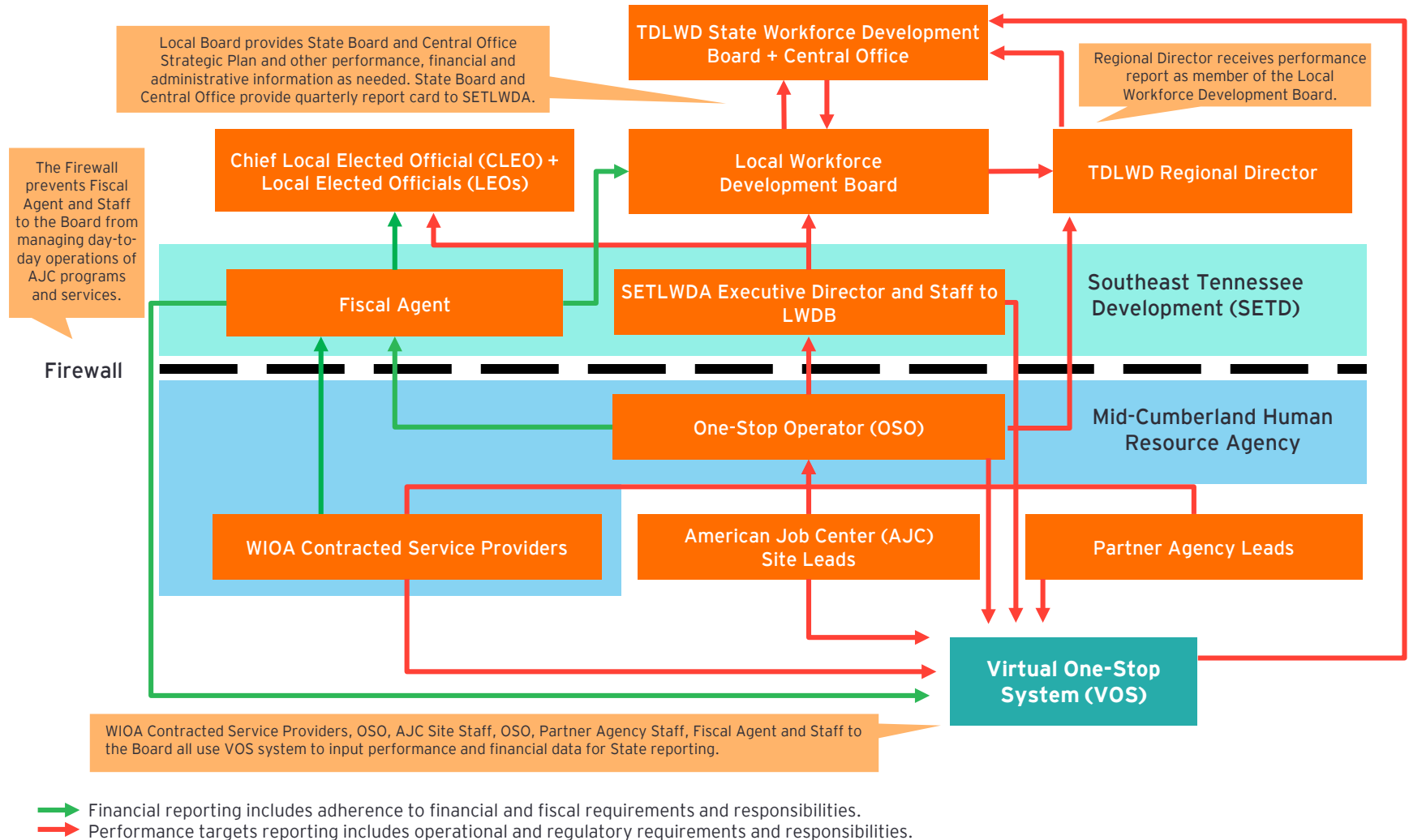
R – Responsible, A – Accountable, C – Consulted, I – Informed

Appendix A: RACI Matrix

Activity	Sub-activity	TDLWD/ central office	Regional director	CLEO/LEOs	LWDB	Fiscal agent	Executive director/staff to the board	OSO	Career service provider	Partners
Financial management	Develop SETLWDA Budget	I	I	I	R/A	R	R			
	Approve SETLWDA Budget			R	R/A	C	C			
	Develop IFA	C/I	I	I	R	R/A	R	C	C	C
	Approve IFA				I	R/A	C	C	C	R
	Prepare expenditure reports	I		I		R/A	I			
	Review and approve expenditure reports	R/A	I	I		R				
	Review OSO and CSP invoices					R/A	R	C	C	
	Pay OSO and CSP invoices and expenses				I	R/A	I	I	I	I
	Pay operating expenses	I			I	R/A	I			
	Submit reimbursement claims	I/C		I	I	R/A	I			
	Monitor expenditures			I	I	R/A	R/I	C	C	C

R – Responsible, A – Accountable, C – Consulted, I – Informed

Appendix B: Current SETLWDA organizational structure



Appendix C: Technology landscape

System	Purpose	Users	Key usage areas			Risks and observations
			Financial Management	Performance and Contract Management	One Stop Job Center Operations	
Jobs4TN/VOS	Collect and maintain customer data as a part of the referral process. Serves as a repository for referrals and other metrics that is used by the State to develop performance reports. Used to perform analysis of data for trends and performance by the Staff to the Board.	AJC Staff, TDLWD, Staff to the Board, OSO and participants		X	X	Training provided by OSO is continuous regarding usage of VOS; however, during the interviews the system was described as not user friendly by several interviewees. This may lead to confusion and errors when using system, causing data integrity issues.
Grants4TN	Used to maintain records of financial transactions and to request funds from the State. Also used to evaluate performance regarding financial requirements.	Fiscal Agent, TDLWD	X	X		Data is manually entered into the accounting system then again in Grants4TN – no communication between the two. This is a very timely process and also poses the risk of data integrity.
Financial Edge-Blackbaud	Used to keep accounting records and produce checks and reports, and conduct evaluations.	Fiscal Agent	X	X		
EMSI (Economic Modeling Systems International)	Internal report generating tool used for labor market analysis. It used to identify skills gaps and in-demand industries, in an effort to meet the LWDA's specific needs.	Staff to the Board, Fiscal Agent		X	X	Limited risks, as it is only used to generate reports. But there is concern that funding for this system will not be approved in the near future.
Excel	Workbooks used to calculate expense allocations based on methods and formulas based on IFA and federal and state requirements. Also used for creating expense reports.	Fiscal Agent		X	X	Risk associated with this specific use of Excel is the knowledge required to use the worksheets correctly, which could potentially result in inaccurate reports to the state. Having expense allocations embedded within accounting system decreases data entry and duplication.

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